



GREATER WASHINGTON
Board of Trade

BUSINESS OUTLOOK 2010

*Greater Washington Board of Trade
Annual Planning Survey*

RESEARCH FINDINGS

- ▷ Business Outlook Survey
- ▷ Interview Dates: December 5-9, 2009
- ▷ Sample: 200 CEOs / Business Executives
in the Greater Washington, DC Region

CONDUCTED BY



PRESENTED BY



SPONSORED BY



For more information, contact Liz Krinock at 202.857.5987 or LizKrinock@bot.org.

BUSINESS OUTLOOK 2010

Greater Washington Board of Trade Annual Planning Survey

Surveys of business decision-makers are a staple of national, regional and local economic analysis. Business surveys are used to measure trends, grasp new opportunities and identify approaching hazards.

The Greater Washington Board of Trade's Business Outlook Index, based on the Business Outlook 2010 survey, indicates business leaders' degree of optimism on the state of the local economy. Business leaders express their optimism through their perceptions about the economy and their plans to hire, expectations for revenue and intention to spend.

Opinions on current business conditions represents half of the local Business Outlook Index; expectations of future conditions comprise the other half.

The following report presents the current findings and indicates changes over time.

December 09	Third Consumer Confidence Survey Conducted, December 5-9, 2009
November 09	
October 09	
September 09	
August 09	
July 09	
June 09	Second Business Outlook Survey Conducted, June 5-11, 2009
May 09	
April 09	
March 09	
February 09	First Business Outlook Survey Conducted, February 2-10, 2009

CONDUCTED BY



PRESENTED BY



SPONSORED BY



HOW IS THE BUSINESS OUTLOOK INDEX CREATED?

DATA PRESENTED AS AN INDEX

The **Business Outlook Index** is made up of the Index of Current Conditions and the Index of Future Expectations:

FINDINGS

- The Current Conditions Index is based on survey questions related to overall business and economic conditions as well as an assessment of each business's current financial situation compared to its financial situation a year ago.
- The Future Expectations Index is based on survey questions that probe: (a) expectations for general business and economic conditions over the next 6 months, (b) expectations for employment changes over the next year, (c) expectations for softening and strengthening of individual businesses over the next year and (d) expectations for revenue changes of individual businesses over the next year.

Business Outlook Index: 65

Index of Current Conditions: 46

Index of Future Expectations: 83

CONDUCTED BY



PRESENTED BY



SPONSORED BY

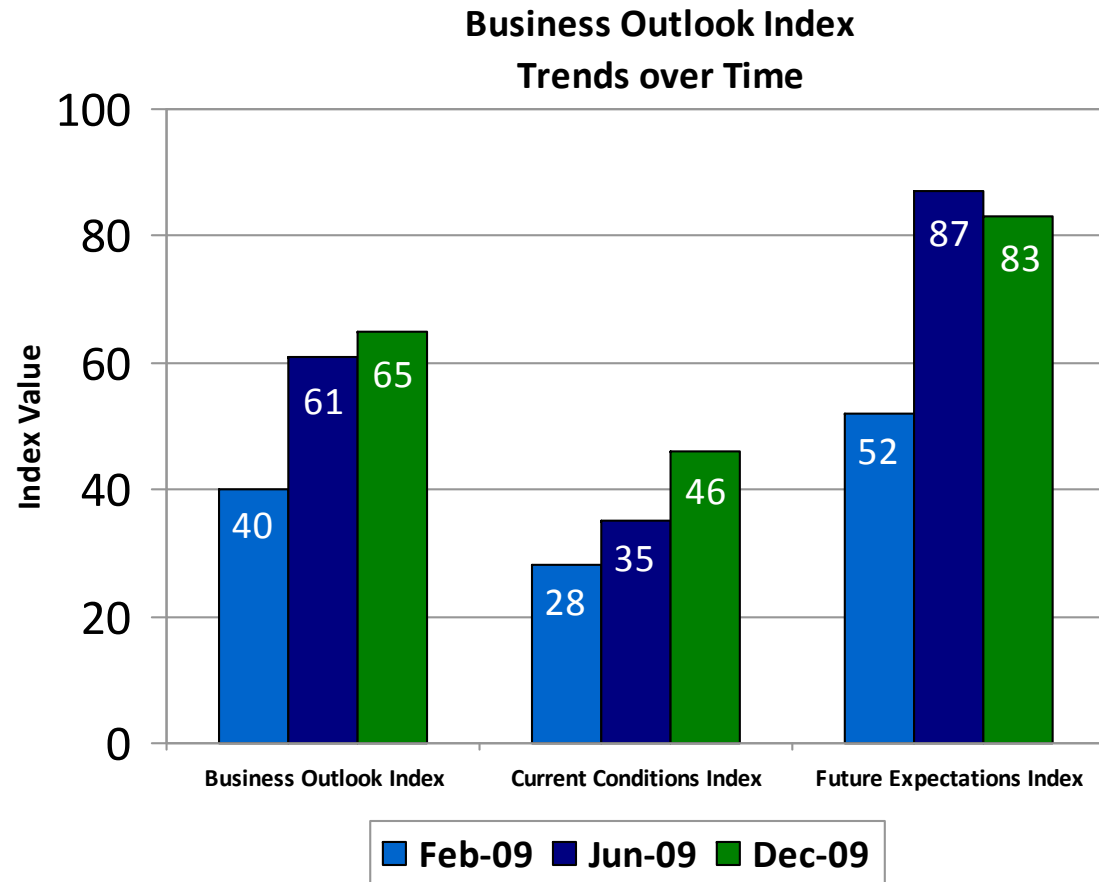


REGIONAL BUSINESS OUTLOOK TRENDS OVER TIME

DATA PRESENTED AS AN INDEX

FINDINGS

- The Business Outlook Index for the Greater Washington region has progressively risen since the first survey was conducted in February 2009.
- Since February 2009, the region's overall Business Outlook Index increased from 40 to 65, a 25-point jump.
- During the same period, the Current Conditions Index increased from 28 to 46 and the Future Expectations Index increased from 52 to 83.



CONDUCTED BY



PRESENTED BY



SPONSORED BY



INDEX OF CURRENT CONDITIONS

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

FINDINGS

- For the first time this year, more respondents are saying they think current business and economic conditions are “mostly good” as opposed to “mostly bad.”
- In December 2009, positive sentiment about economic conditions in the region exceeded negative sentiment by 7%. In February, negative sentiment exceeded positive sentiment by 25%. This represents a major change.

The **Index of Current Conditions** is based on two questions:

- ① Current business and economic conditions in the Greater Washington region are...

	Mostly Good	Mostly Bad
FEBRUARY 2009	28%	53%
JUNE 2009	41%	42%
DECEMBER 2009	47%	40%

- ② Since last year, your business’s overall financial situation has...

	Improved	Declined	Stayed the Same
FEBRUARY 2009	14%	52%	34%
JUNE 2009	14%	57%	26%
DECEMBER 2009	25%	40%	34%

CONDUCTED BY



PRESENTED BY



SPONSORED BY



INDEX OF FUTURE EXPECTATIONS

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

FINDINGS

- Business executives think the region’s economic conditions will improve over the next year rather than get worse by a nearly 10-to-1 margin. This is a significant sign of optimism for Greater Washington’s economy.

- There is an uptick in the number of executives surveyed who expect that their companies will increase employees – 12% in February compared to 32% now.

The **Index of Future Expectations** is based on four questions:

In the next 6 months...

① Business and economic conditions in Greater Washington will...

	Improve	Get Worse	Stay the Same
FEBRUARY 2009	32%	25%	42%
JUNE 2009	58%	6%	35%
DECEMBER 2009	59%	6%	35%

② Your company or organization will...

	Increase employees	Decrease employees	Keep the same number of employees
FEBRUARY 2009	12%	20%	68%
JUNE 2009	25%	7%	65%
DECEMBER 2009	32%	12%	56%

CONDUCTED BY



PRESENTED BY



SPONSORED BY



INDEX OF FUTURE EXPECTATIONS

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

FINDINGS

- A majority of Greater Washington's business executives expect their businesses to strengthen and their revenues to increase in 2010.
- Expected total revenue and/or sales is down slightly and more decision-makers think profitability will stay the same.

The **Index of Future Expectations** is based on four questions:

In the next year...

③ Your business will...

	Strengthen	Soften	Stay the Same
FEBRUARY 2009	40%	21%	37%
JUNE 2009	59%	6%	31%
DECEMBER 2009	60%	9%	29%

④ Your company's or organization's total revenues and/or total sales will...

	Increase	Decrease	Stay the Same
FEBRUARY 2009	34%	26%	39%
JUNE 2009	59%	9%	27%
DECEMBER 2009	55%	12%	30%

CONDUCTED BY



PRESENTED BY



SPONSORED BY



ECONOMIC CONDITIONS: LOCAL VS. NATIONAL

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

FINDINGS

- According to the survey, business executives assess the region’s economy as much stronger than the nation’s economy.
- Only 19% assess nationwide business and economic conditions as “mostly good” while 47% assess regional conditions as “mostly good” – a substantial 28-point gap.
- Positive sentiment about both the national and the regional economies has jumped since February 2009.

Current national business and economic conditions in the United States are...

	Mostly Good	Mostly Bad
FEBRUARY 2009	2%	92%
JUNE 2009	11%	78%
DECEMBER 2009	19%	66%

Current business and economic conditions in the Greater Washington region are...

	Mostly Good	Mostly Bad
FEBRUARY 2009	28%	53%
JUNE 2009	41%	42%
DECEMBER 2009	47%	40%

CONDUCTED BY



PRESENTED BY



SPONSORED BY



BUSINESS FINANCING AND CREDIT

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

FINDINGS

- Securing business financing appears to be a major impediment to economic growth in the Greater Washington.
- In the December 2009 survey, only 14% of business executives say acquiring bank financing and credit has gotten easier over the past 6 months while 59% say it's gotten harder.

Over the last 6 months...

Acquiring bank financing and credit for business and organizations has become...

DECEMBER 2009

Much easier	2%
A little easier	12%
A little harder	26%
Much harder	33%
Same	11%

Note: This question was not asked in the February 2009 or June 2009 surveys. Results are rounded. Sums of multiple responses may vary.

CONDUCTED BY



PRESENTED BY



SPONSORED BY



BUSINESS FINANCING AND CREDIT

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

In the next few months...

Acquiring bank financing and credit for business and organizations will be...

FINDINGS

- In the December 2009 survey, 37% of business executives said acquiring bank financing and credit will get easier over the next few months while nearly the same amount – 38% – said it will get harder.

	FEBRUARY 2009	JUNE 2009	DECEMBER 2009
Much easier	*	*	3%
A little easier	*	*	33%
Total easier	15%	27%	37%
A little harder	*	*	23%
Much harder	*	*	15%
Total harder	61%	40%	38%
Same (<i>volunteered</i>)	10%	13%	16%

Note: Results are rounded. Sums of multiple responses may vary.

** Answer options in the February and June surveys were limited to “easier” and “harder.”*

CONDUCTED BY



PRESENTED BY



SPONSORED BY



PLANNED BUSINESS INITIATIVES, INVESTMENTS AND PURCHASES

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

In the next few months...

FINDINGS

- Since February 2009, plans to increase advertising and promotion has jumped by 16%. Expectations for purchasing new equipment increased 9% and upgrading technology by 11%.
- On the negative side, 11% fewer business executives are now ready to take a risk on a new idea than they were on February, 6% fewer are ready to expand products or services and 4% fewer are ready to modernize physical plants to make them more “green” and energy efficient.

	FEBRUARY 2009	JUNE 2009	DECEMBER 2009
Purchase new equipment	33%	43%	42%
Upgrade computer technology	36%	45%	47%
Take a risk on a new idea	56%	51%	45%
Expand products or services	52%	53%	46%
Expand or increase office space, plant size, stores or other facilities	12%	11%	14%
Outsource more functions now handled by in-house employees	*	*	12%
Increase advertising and promotion	30%	37%	46%
Launch a new branding initiative	30%	23%	29%
Make facilities more “green” and energy efficient	35%	29%	31%

* Indicates that the question was not asked in the February 2009 and June 2009 surveys

CONDUCTED BY



PRESENTED BY



SPONSORED BY



GREATER WASHINGTON AS A PLACE TO DO BUSINESS

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

FINDINGS

- The region’s business executives continue to say that doing business in Greater Washington is easier than in most other places in the United States – by 64% to 19%, a wide 45% margin.

- It should be noted, however, that during 2009, the “easier” to do business percentage declined by 7% while the “harder” to do business percentage has increased by 4%.

Is it easier or harder to do business in the Greater Washington region than it is in most other places in the United States...

	Easier	Harder	Same	Don't Know
FEBRUARY 2009	71%	15%	7%	7%
JUNE 2009	68%	18%	7%	7%
DECEMBER 2009	64%	19%	10%	7%

CONDUCTED BY



PRESENTED BY



SPONSORED BY



STIMULUS PACKAGE IMPACT ON GREATER WASHINGTON ECONOMY

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

FINDINGS

- In the December 2009 survey, 64% of business executives said that the federal economic stimulus package has had a positive impact on the region’s economy, while 29% said it has had either no impact or a negative impact.

- Interestingly, the assessment of positive impact has declined from the June 2009 survey, when 76% of business executives said the stimulus had a positive impact.

- Almost as many survey respondents now say the stimulus has had a “big” negative impact (7%) as those who say it has had a “big” positive impact (8%).

	JUNE 2009	DECEMBER 2009
Big positive impact	8%	8%
Small positive impact	68%	56%
Total positive	76%	64%
No impact	15%	14%
Small negative impact	4%	8%
Big negative impact	4%	7%
Total negative	23%	29%

Note: This question was not asked in February 2009

CONDUCTED BY



PRESENTED BY



SPONSORED BY



BUSINESS OUTLOOK 2010

Greater Washington Board of Trade Annual Planning Survey

The sample for this survey (N=200) included business executives from the Greater Washington region:

- **Washington, DC**
- **Maryland Counties**
 - Anne Arundel County
 - Calvert County
 - Charles County
 - Frederick County
 - Howard County
 - Montgomery County
 - Prince George's County
 - St. Mary's County
- **Virginia Counties**
 - Arlington County
 - Fairfax County
 - Fauquier County
 - Loudoun County
 - Prince William County
 - Spotsylvania County
 - Stafford County
 - Alexandria, Falls Church, Fairfax

CONDUCTED BY



PRESENTED BY



SPONSORED BY



BUSINESS OUTLOOK 2010

Greater Washington Board of Trade Annual Planning Survey

Presented by Greater Washington Board of Trade

The Greater Washington Board of Trade is the Greater Washington region's premier business network and the only local business association representing all industry sectors. Founded in 1889, the Board of Trade enjoys a long history of helping its members' businesses grow by providing content-rich programs, connecting business leaders and marketing Greater Washington's economic opportunities. As Greater Washington's regional business organization, the Board of Trade addresses business concerns that stretch across geographic boundaries, such as transportation, emergency preparedness, green as a competitive advantage and workforce issues. Website: www.BoardofTrade.org

Conducted by Clarus Research Group

Clarus Research Group is a full-service and nonpartisan survey research firm based in Washington, D.C. Clarus provides a full range of polling and market research services to corporate, association, nonprofit and public affairs clients. Clarus conducts public opinion surveys, focus groups, dial sessions, branding studies and media research. It is headed by Dr. Ron Faucheux, who also teaches at the Public Policy Institute at Georgetown University. Website: www.ClarusRG.com

Sponsored by Tatum LLC

Tatum is the only professional services firm focused on serving the Office of the CFO. Tatum provides operational expertise to more than 6000 clients, across all industries, representing a total asset base of over 400 billion dollars, through a network of 37 offices and 1000 professionals nationwide. Website: www.TatumLLC.com

CONDUCTED BY



PRESENTED BY



SPONSORED BY

